



## Related Midwest emerges as buyer of Chicago Spire debt

By Alby Gallun  June 24, 2013

Related Midwest has emerged as the leading bidder for the debt on the site of the failed Chicago Spire, a prime Lake Shore Drive property that has been **ensnared in litigation for more than three years**, according to people familiar with the transaction.

Related Midwest, a unit of New York-based Related Cos., would buy about \$93 million in debt on the 2.2-acre property from Ireland's National Asset Management Agency, or NAMA.

Irish developer Garrett Kelleher **planned on building a 150-story condominium tower** on the site and spent millions on foundation work. But the **market crashed** and the project has been tied up in foreclosure since 2010.

It's unclear how much Related Midwest would pay for the debt on the property, but it's likely that the price will be much lower than the \$93 million Mr. Kelleher owes. To take over the property, Related Midwest would still need to complete the foreclosure process or work out a deal with Mr. Kelleher and other creditors.

The Wall Street Journal first reported the news that Related had agreed to buy the Spire site.

NAMA in March **hired Jones Lang LaSalle Inc.** to sell the Spire debt.

Representatives of Related, NAMA and Jones Lang declined to comment.

The Spire deal would add another property to Related Midwest's **already full development pipeline** in Chicago. The firm recently opened a 500-unit apartment tower just two blocks north, at 500 N. Lake Shore Drive, and is building another 504 apartments at 111 W. Wacker Drive, the site of the aborted Waterview Tower project. A venture

including Related Midwest also took over about 500 unsold condominiums in three failed South Loop towers in 2012, **restarting sales at the buildings** earlier this year.

Related Midwest's main competition for the Spire property was DeBartolo Development LLC, a Tampa, Fla.-based firm that **has also been active in the Streeterville neighborhood**. A DeBartolo executive was not immediately available for comment.

It's unclear what Related Midwest would build on the Spire property. Though **the apartment market is hot**, a construction boom is already well underway, fueling talk of a potential glut.

Condos, meanwhile, are an increasingly appealing option as **the residential market continues to rebound from a prolonged slump**. Construction of tall towers has yet to restart, but the recovery, assuming it continues, will eventually stir the animal spirits of high-rise developers. Given the Spire property's location, condos in a development there could command some of the highest prices in the city.